

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SP-02 COME-00 OMB-01 TRSE-00
DOTE-00 PRS-01 USIA-15 PA-02 /042 W
-----020924 099850 /23-12
R 012212Z MAR 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 2621
INFO AMCONSUL MONTREAL
ALL OTHER CANADIAN CONSULS (BY POUCH)

UNCLAS OTTAWA 1161

E.O. 11652:N/A
TAGS: ELTN, CA
SUBJECT: RAILROAD PASSENGER SERVICE: A CANADIAN AMTRAK

REF: OTTAWA A-88, FEB. 9, 1976

1. ESTABLISHMENT OF A CANADIAN COUNTERPART TO AMTRAK--
VIA RAIL CANADA INC.--WAS ANNOUNCED FEBRUARY 28 BY
TRANSPORT MINISTER OTTO LANG. THE NEW UNDERTAKING
WILL "MANAGE" RAIL PASSENGER SERVICES TO BE OPERATED BY
CANADIAN NATIONAL RAILWAYS AND CP RAIL UNDER CONTRACT.
THE LEVEL OF SERVICES AND THE ROUTES WILL BE DETERMINED
BY THE GOC WHICH WILL PROVIDE VIA RAIL'S BUDGET FOR BOTH
CAPITAL EXPENDITURES AND OPERATING DEFICITS. GOC EXPECTS
MAJOR ECONOMIES TO RESULT FROM THE CONSOLIDATION OF THE
PRESENTLY INDEPENDENT PASSENGER SERVICES OF THE TWO
RAILWAYS.

2. COMMENT: VIA RAIL WILL BE ESSENTIALLY A PAPER
ORGANIZATION FOR SOME TIME. THE ROUTES TO BE OPERATED
ARE UNDER INTENSIVE STUDY BY THE CANADIAN TRANSPORT
COMMISSION WHICH WILL BE MAKING RECOMMENDATIONS TO THE
GOVERNMENT LATE THIS YEAR. ONLY THE WINDSOR-QUEBEC
CORRIDOR APPEARS LIKELY TO OBTAIN A MAJOR EXPANSION
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OF SERVICE IN THE NEXT SEVERAL YEARS. IT IS DOUBTFUL
WHETHER THROUGH TRANS-CONTINENTAL SERVICE WITH SLEEPING
FACILITIES WILL BE RECOMMENDED AND AUTHORIZED, BUT A
MODEST SUBSTITUTE OF NATIONAL DAY COACH SERVICES BETWEEN
MAJOR POPULATION POINTS--WHICH COULD LINK UP TO FORM
A THEORETICAL COAST-TO-COAST EFFORT--MAY EMERGE.

3. GOC FINANCIAL CONSIDERATIONS WILL BE A SIGNIFICANTLY LIMITING FACTOR WITH RESPECT TO VIA RAIL. ASSUMING THE NEW ARRANGEMENTS RESULT IN GETTING BETTER CONTROL OVER THE GROWTH OF OPERATING SUBSIDIES, WHICH LANG INDICATED EARLIER AS HIS OBJECTIVE (SEE REPAIR), MAJOR CAPITAL INVESTMENT (MANY TIMES IN EXCESS OF THE SAVINGS) WILL BE REQUIRED TO REJUVENATE THE LOCOMOTIVE FLEET, UPDATE THE WORN OUT ROLLING STOCK, REBUILD ROAD BEDS AND MODERNIZE SIGNALLING SYSTEMS. GIVEN THE FISCAL RESTRAINT CHARACTERIZING GOC BUDGETING PROCESSES, THESE FUNDS--AS WELL AS THOSE FOR A COSTLY URBAN TRANSPORT PROGRAM PROMISED IN 1974--MAY BE DIFFICULT TO COME BY. THUS, WHILE MAJOR PROMOTIONAL EMPHASIS (THE PAINTING OF RAILCARS WITH A NEW LOGO HAS ALREADY STARTED) MAY CHARACTERIZE THE NEW UNDERTAKING, VIA RAIL DOES NOT APPEAR LIKELY TO PRODUCE A SIGNIFICANT SHORT-TERM REVITALIZATION OF CANADIAN PASSENGER RAIL TRANSPORT, OTHER THAN POSSIBLY BETWEEN QUEBEC AND WINDSOR.

3. COPIES OF THE LANG STATEMENT ARE BEING FORWARDED TO EUR/CAN (BLAKEMORE) AND DOT (PIEPER). ENDERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, TRANSPORTATION, PROGRAMS (PROJECTS), RAILROADS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA01161
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770071-0565
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197703105/aaaadowo.tel
Line Count: 82
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0afe27ad-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 OTTAWA A-88
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2950655
Secure: OPEN
Status: NATIVE
Subject: RAILROAD PASSENGER SERVICE: A CANADIAN AMTRAK
TAGS: ELTN, CA, VIA RAIL CANADA INC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0afe27ad-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009